

## Message Text

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41

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 TAR-01 PA-02 PRS-01 /107 W

----- 121769

R 161535Z SEP 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 1512

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

USDEL MTN GENEVA

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY BONN UNN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI UNN

AMEMBASSY OSLO UNN

AMEMBASSY STOCKHOLM UNN

UNCLAS COPENHAGEN 2678

E.O. 11652: N/A

TAGS: EFIN, EEC, DA

SUBJECT: EC COMMISSIONER GUNDELACH CHARGES U.S.  
WITH DOLLAR RATE MANIPULATION

1. LECTURING BEFORE A MEETING OF DANISH PROVINCIAL  
BANKERS SEPTEMBER 12, EC COMMISSIONER FINN GUNDELACH  
CHARGED THE U.S. WITH MANIPULATION OF THE DOLLAR  
RATE AS AN INSTRUMENT FOR ITS TRADE POLICY.

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2. ACCORDING TO PRESS REPORTS, GUNDELACH SAID THAT

THE U.S. APPARENTLY FELT THAT, AS A GREAT POWER, IT MUST HAVE SIZEABLE EXCHANGE RESERVES AND BALANCE OF PAYMENTS SURPLUS. IN RECENT YEARS, THE U.S. HAS DELIBERATELY USED THE DOLLAR RATE AS A TRADE POLICY INSTRUMENT TO IMPROVE THE TRADE BALANCE THROUGH INCREASED EXPORTS AND REDUCED IMPORTS.

3. GUNDELACH SAID THAT THE EC MUST APPLY ALL ITS INFLUENCE TO BREAK THIS DEVELOPMENT LEST U.S.-EUROPEAN TRADE RELATIONS BE PUT TO A VERY HARD TRIAL WITHIN THE NEXT FEW MONTHS. HE FEARED A WAVE OF PROTECTIONISM UNLESS THE U.S. WAS WILLING TO NEGOTIATE WITH EUROPE ON ECONOMIC, INCLUDING MONETARY, PROBLEMS.

4. GUNDELACH FELT THAT THE FLOATING RATES HAD GONE TOO FAR AND INDICATED HIS PREFERENCE FOR A SYSTEM OF MORE FIXED RATES THAN AT PRESENT.

5. TURNING TO THE TARGETS FOR ECONOMIC COOPERATION, GUNDELACH SAID THAT NEGOTIATIONS SHOULD BE ACROSS THE BOARD AND NOT COMPARTMENTALIZED. UNLESS SUCH CO-OPERATION COULD BE ESTABLISHED, GUNDELACH TOOK A DIM VIEW OF FUTURE ECONOMIC DEVELOPMENTS INTERNATIONALLY.

6.COMMENT: PROBABLY BECAUSE OF THE TIMING OF THE BANKERS MEETING AT A WEEKEND, GUNDELACH'S SPEECH DID NOT GET WIDE PRESS COVERAGE AND NONE BY THE MAJOR COPENHAGEN PAPERS WHICH OTHERWISE COVER HIS STATEMENTS MINUTELY.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOLLAR, FOREIGN EXCHANGE RATES, BALANCE OF PAYMENTS, CAPITAL FLOWS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Secure:** OPEN  
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**TAGS:** EFIN, DA, US, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006